

DEPARTMENT OF SOCIAL SERVICES

744 P Street, Sacramento, CA 95814



February 19, 1985

ALL-COUNTY INFORMATION NOTICE I- 15-85

TO: ALL COUNTY WELFARE DIRECTORS

SUBJECT: PREMISES, 1985-86 GOVERNOR'S BUDGET

REFERENCE:

The attached "Premises for the 1985-86 Governor's Budget" represent the assumptions used to develop the Department of Social Services estimates of welfare program expenditures included in the 1985-86 Governor's Budget. These premises reflect the Department's best information as of early January of this year concerning effective dates, regulations, legislation and other assumptions. The Department will be preparing revised budget estimates for 1985-86 for submittal to the Department of Finance in April 1985. Any new assumptions will be added, and any assumptions which changed will be revised at that time.

Any questions regarding the attached premises should be directed to John Wilson, Chief, Estimates Branch, at (916) 445-1862.

Sincerely,

A handwritten signature in cursive script that reads 'Robert T. Sertich'.

ROBERT T. SERTICH
Deputy Director
Administration

Attachment

cc: CWDA

Premises
1985-86 Governor's Budget
1984-85 and 1985-86

COST-OF-LIVING ADJUSTMENTS AND GENERAL ITEMS

A. Continuing Premises

1. Cost-of-Living Adjustments for Administrative Costs (effective dates of July 1, 1984 and July 1, 1985) (includes AFDC, AAP, Child Support, Special Adults, Food Stamp, Staff Development, and RRP/CHEP)

1984-85

It is estimated that counties will give a 5.4 percent COLA (based on the estimated California CPI-U change from 1983-84 to 1984-85). The Budget Act of 1984 limits state participation to 3.0 percent.

1985-86

It is estimated that counties will give a 5.8 percent COLA (based on the estimated California CPI-U change from 1984-85 to 1985-86). The Governor's Budget limits State participation to 2.4 percent, an amount that fully funds COLA provided through 1984-85.

2. Cost-of-Living Adjustments for Adult and Family Services (effective dates of July 1, 1984 and July 1, 1985) (includes OCSS, IHSS, Maternity Care, Deaf Access, WIN, Adoptions, Demos and Child Abuse Prevention)

- a. IHSS Statutory Maximums - see page 4, Item 5.d.

- b. Provider Increases - IHSS

- (1) Welfare Staff Providers

This is an adjustment for the inflationary change in basic operating expenses of provider services offered by county welfare staff. These increases include wages, benefits and related overhead costs.

- (2) Individual Providers

This is an adjustment for the inflationary change in the providers' wages and benefits.

(3) Contract Providers

This is an adjustment for the inflationary change in the contract providers' wages and benefits.

1984-85 COLA (effective July 1, 1984)

The Budget Act of 1984 provided for a 3.0 percent increase for 1984-85.

1985-86 COLA (effective July 1, 1985)

The Governor's Budget for 1985-86 includes a 4.0 percent increase for 1985-86.

c. COLA for Adult and Family Services Excluding IHSS Statutory Maximum, and Provider Increases (See a and b above)

1984-85 COLA (effective July 1, 1984) (all programs except WIN and Demos)

The Budget Act of 1984 provided for a 3.0 percent COLA increase for 1984-85. In addition, base expenditure estimates reflect COLA limitations imposed in prior years.

1985-86 COLA (effective July 1, 1985) (all programs except WIN)

The Governor's Budget for 1985-86 includes a 4.0 percent increase for 1985-86.

3. Cost-of-Living Adjustments - CCL

1984-85 COLA (effective July 1, 1984)

The Budget Act of 1984 provided for a 3.0 percent COLA increase for 1984-85.

1985-86 COLA (effective July 1, 1985)

The Governor's Budget for 1985-86 includes a 4.0 percent increase for 1985-86.

4. Cost-of-Living Adjustments - AFDC-Foster Care

1984-85 (effective July 1, 1984)

The Budget Act of 1984 provided a 3.0 percent COLA for group homes, but no COLA was provided for foster family homes.

<u>Item</u>	<u>1984-85</u>	<u>1985-86</u>
Caseload impact (in casemonths)	83,418	85,396
Unit cost per casemonth	\$52.04	\$52.10

1985-86 (effective July 1, 1985)

The Governor's Budget for 1985-86 includes a 4.0 percent increase for 1985-86.

5. Statutory Cost-of-Living Adjustments

a. AFDC-FG and U Grants

W&IC Section 11453 provides that AFDC Maximum Aid Payments (MAP) and Minimum Basic Standards of Adequate Care (MBSAC) be adjusted annually to reflect any increases or decreases in the cost of living. Cost-of-living adjustments (COLA) are based on changes in the California Necessities Index (CNI).

1984-85 COLA (effective July 1, 1984)

A 5.6 percent increase was applied to the MAP's and MBSAC's based on the CNI change from December 1982 to December 1983.

<u>Item</u>	<u>1984-85</u>	<u>1985-86</u>
Caseload impact (in casemonths)	6,534,631	6,531,744
Unit cost per casemonth	\$28.72	\$28.82

1985-86 COLA (effective July 1, 1985)

It is assumed that increases for COLA will be given based on the changes in the CNI (estimated to be 5.3 percent).

b. SSI/SSP Cost-of-Living Adjustments and Unearned Income
(effective January 1, 1985 and January 1, 1986)

January 1, 1985

A 5.6 percent increase will be applied to the SSI/SSP payment standards based on the actual CNI change from December 1982 to December 1983.

SSI and OASDI benefits will increase by 3.5 percent on January 1, 1985 (based on the actual U.S. CPI-W change from the July-September 1983 quarter to the July-September 1984 quarter).

<u>Item</u>	<u>1984-85</u>	<u>1985-86</u>
Caseload impact (in casemonths)	4,031,700	8,107,900
Unit cost per casemonth	\$14.86	\$14.86

January 1, 1986

It is assumed that increases for COLA will be given based on the changes in the CNI (estimated to be 5.3 percent).

SSI and OASDI benefits will increase by an estimated 4.5 percent (based on the estimated U.S. CPI-W change from the July-September 1984 quarter to the July-September 1985 quarter).

<u>Item</u>	<u>1985-86</u>
Caseload impact (in casemonths)	4,057,800
Unit cost per casemonth	\$25.44

c. Cost-of-Living for RCA, ECA and GR (July 1, 1984 and July 1, 1985 effective dates)

For 1984-85, a 5.6 percent increase (based on the CNI increase from December 1982 to December 1983) will be applied to the MAP's and MBSAC's.

<u>Item</u>	<u>1984-85</u>	<u>1985-86</u>
Caseload impact (in casemonths)		
RCA/ECA	73,000	67,100
GR	13,200	12,240
Unit cost		
Grant		
RCA/ECA	13.77	13.76
GR	8.79	8.58

For 1985-86, the Governor's Budget includes a 5.3 percent COLA, based on the estimated CNI increase from December 1983 to December 1984.

d. IHSS Statutory Maximum (July 1, 1984 and July 1, 1985 effective dates)

Per W&IC Sections 12303.5, 12303.7 and 12304, adjustments to the statutory maximum payments for severely impaired, non-severely impaired, and IHSS Restaurant Meal Allowance recipients are made on July 1 of each year based on the same CNI rate developed for AFDC-FG/U grants.

A 5.6 percent increase was given for 1984-85.

The Governor's Budget for 1985-86 includes a 5.3 percent increase for 1985-86.

<u>Item</u>	<u>1984-85</u>	<u>1985-86</u>
Caseload impact (in casemonths)		
NSI	1,300	1,400
SI	9,900	10,700
Unit cost per casemonth		
NSI	\$34.00	\$34.00
SI	\$49.00	\$49.00

6. Asset Clearance Match (effective July 1, 1984)

Chapter 703/81 (SB 620) authorized a demonstration project in four counties to match welfare recipient files with Franchise Tax Board's file of individuals who earn interest or dividends of more than \$30 in the previous calendar year. This system is intended to discover unreported assets which may result in recipient ineligibility. The four counties are Los Angeles, Shasta, Santa Barbara and Alameda. Chapter 268/84, the 1984 Budget Trailer Bill (SB 1379) terminates the project on a demonstration basis and makes it permanent with state-wide implementation during 1984-85.

<u>Item</u>	<u>1984-85</u>	<u>1985-86</u>
Casemonths avoided	1,470	3,897
Unit cost per casemonth		
Cost avoided per case	\$475.30	\$475.30
Admin. savings per ineligible casemonth	\$55.50	\$55.50
Amount of overpayment to be recouped	-\$2,305,000	-\$7,060,000
Additional fraud investigators to be funded	46	77
Average annual salary per fraud investigator	\$44,636	\$44,636

7. Welfare Fraud - Early Detection/Prevention Program (effective January 1, 1984)

The Legislature, through the Budget Act of 1983, intended that counties which process a monthly average of 350 or more AFDC and Food Stamp applications shall administer an early detection fraud prevention system. Those counties deemed to have programs as cost effective as the Orange County model will continue to operate such systems. Counties which do not currently administer a fraud prevention program with cost benefits comparable to Orange County may seek assistance from the DSS to develop such a system. The

Governor's Budget estimates reflect the grant and administrative impacts of those counties with increased efforts.

<u>Item</u>	<u>1984-85</u>	<u>1985-86</u>
Casemonths avoided	22,604	47,356
Unit cost (savings)		
Grant	\$466.78	\$465.77
Admin.	55.50	55.50
Additional staff to be funded		
Number	55	55
Average annual salary per staff person	\$37,800	\$37,800

8. Effective Date of Initial Payment Regulations (effective April 1, 1984)

State AFDC regulations have been revised to establish the beginning date of aid to be the date of authorization of payment when authorization occurs in the month the applicant becomes eligible, or the first of the month following the date the applicant becomes eligible when the authorization of payment occurs in any month following the date the applicant becomes eligible. In addition to the impact on AFDC, emergency shelter care will be provided until foster care payment begins. This increased cost is reflected in the 1985-86 Governor's Budget. (See CCWRO v. McMahon for a slight revision to these regulations.)

<u>Item</u>	<u>1984-85</u>	<u>1985-86</u>
Casemonths of grant reduction		
FG	5,615,859	5,680,549
U	918,772	851,195
FC	27,000	27,840
Grant reduction per casemonth		
FG	\$ 5.99	\$ 5.99
U	14.25	14.25
FC	118.67	118.46

9. Standardized Computer Matching Format (effective 1984-85)

DSS has received a cooperative agreement award for participation in a joint Federal/State project to test the effectiveness of standard computer-matching formats in identifying fictitious or nonexistent

children in a select control group (Santa Clara County AFDC case-load). This federally funded project began during 1983-84 and will terminate April 30, 1985.

10. SSI and OASDI COLA's

Beginning with the January 1, 1985 COLA, the U.S. Consumer Price Index (CPI-W) used to calculate the SSI and OASDI COLA's will be measured from third quarter to third quarter rather than from first quarter to first quarter as in the past. Consequently, the actual percentage figure will not be available in time to be included in the Budget Acts as was possible previously. Therefore, the SSI and OASDI COLA's in the 1984-85 Budget Act (and future Budget Acts under current federal law) are based on estimated U.S. CPI-W percentage changes. (The July-September to July-September percentage change becomes available in October of each year, and will be reflected in the current year estimate for the Governor's Budget.) The actual U.S. CPI-W increased by 3.5 percent from July-September 1983 to July-September 1984, impacting SSI and OASDI effective January 1, 1985. The U.S. CPI-W is estimated to increase by 4.5 percent from July-September 1984 to July-September 1985 which will affect SSI and OASDI effective January 1, 1986.

11. Statewide Automated Welfare System (SAWS) (effective 1984-85)

DSS is proceeding with the development of a Statewide Automated Welfare System (SAWS). During 1984-85 and 1985-86, DSS expects to develop the following systems:

- . Central Data Base: DSS expects to expand the MEDS file to include all nonassistance food stamp recipients. This will require some conversion activity during 1984-85 for eight counties. In 1985-86, this system will be expanded statewide.
- . Automated Eligibility Determination - Intake: San Diego County will pilot an automated intake system in January 1985. This system will be expanded countywide beginning April 1985. Two additional counties will implement an automated intake system during 1985-86.
- . Standardized Notices of Action: Standardized Notices of Action will be implemented statewide in 1984-85 for the AFDC Program and in 1985-86 for the Food Stamp Program. Counties are expected to make modifications to their data processing systems to accommodate this change.

12. Integrated Earnings Clearance/Fraud Detection System (effective September 1983)

Requires DSS to request income information from SSA or EDD in order to detect and follow up on unreported earnings. If the information

is already available from EDD, there need not be a duplicate request to SSA. Matching with unemployment files will be on a quarterly basis using information from counties for all AFDC and food stamp households. Additional matching, such as checking SDX for SSI/SSP recipients and checking for duplicate participation county-to-county, will be done at the state level. Effective September 1984, RCA cases were added to this system.

B. New Premises

1. CCWRO v. McMahon (effective September 1, 1984; retroactively to May 23, 1984)

Regulations changing the beginning date of aid from the date of application at the date of county authorization were implemented April 1, 1984. The court ruled the use of the date of authorization can continue but has limited the beginning date of aid to be no later than 30 days after application if the case was eligible on the 30th day. The 30-day provision is required under federal regulations. This will result in additional grant payments.

<u>Item</u>	<u>1984-85</u>	<u>1985-86</u>
Casemonths of grant increase	15,949	15,893
Unit cost per casemonth	\$37.09	\$79.53

2. AB 861 WIN Demonstration (effective July 1, 1985)

Under this demonstration project, county welfare departments will be responsible for registering WIN recipients, screening the recipients to determine potential services, and monitoring and tracking recipients to determine program effectiveness.

3. COLA for Homefinding Agencies (effective 1984-85 only)

A 5.6 percent COLA will be provided to homefinding agencies as required by W&IC Section 11463. Since these agencies will not receive the one-time rate augmentation (see B.1, p. 18), there will be no net additional cost for this item.

4. Chapter 1608/84 (SB 1293) (effective 1984-85)

This bill, in augmentation of the Budget Act of 1984, appropriates \$12,000,000 for the provision of Child Welfare Services and \$5,865,000 for the administration of the AFDC and Food Stamp programs. These amounts are reflected in the 1985-86 Governor's Budget.

C. Discontinued Items from the April 13, 1984 Premises

1. Emergency Food and Shelter Program (effective October 1, 1983) (p. 7, Item A.8) - effective only for 1983-84.

2. Orange County EDP (effective 1983-84) (p. 7, Item A.9) - effective only for 1983-84.
3. Miller v. Deukmejian (effective October 1, 1983) (p. 7, Item A.10) - only affects 1983-84.
4. Nevada-Placer Case Data (effective July 1, 1984) (p. 8, Item B.3) - now included in basic costs.

PAYMENTS FOR CHILDREN (ITEM 10.04) AND AFDC COUNTY ADMINISTRATION (ITEM 10.20)

AFDC FAMILY GROUP AND UNEMPLOYED PARENT PROGRAMS

A. Continuing Premises

1. OASDI Increases

a. 1984-85 (effective January 1, 1985)

Benefit levels will be increased based on the actual U.S. CPI-W change of 3.5 percent.

<u>Item</u>	<u>1984-85</u>	<u>1985-86</u>
Casemonths of grant decrease	52,618	159,485
Grant decrease per case	\$7.24	\$7.24

b. 1985-86 (effective January 1, 1986)

Benefit levels will be increased based on the estimated U.S. CPI-W change of 4.5 percent.

<u>Item</u>	<u>1985-86</u>
Casemonths of grant decrease	3,485
Grant decrease per case	\$11.55

2. Court Cases

a. Lowry v. Woods - Child Care Expenses (retroactive benefit period February 1977 through August 1982)

As a result of this decision, child care is allowed as a work-related expense if the care is provided by a nonworking person in the recipient's household, but not in the FBU. By allowing additional child care expenses, some AFDC grants may increase. Recipients or applicants of aid during February 1977 through August 1982 affected by the invalidated regulation are entitled to retroactive relief. It was previously assumed that one-half of the retroactive payments will be paid out during the 1984-85 and one-half during 1985-86. It is now assumed to be one-fourth in 1984-85 and three-fourths in 1985-86.

<u>Item</u>	<u>1984-85</u>	<u>1985-86</u>
Casemonths of retro benefits	12,883	38,650
Unit cost		
Grant	\$102.98	\$102.98
Admin.	2.46	2.46
Notification at Redetermination		
Redeterminations	62,426	312,130
Unit Cost	\$ 4.93	\$ 4.93

b. Green v. Obledo - Work-Related Expenses (retroactive benefit period January 1974 through November 1981)

As a result of this decision, the Department was ordered to implement regulations consistent with federal law regarding allowable work-related transportation expenses. Because PL 97-35 standardized earned income disregards, DSS did not make prospective regulatory changes prior to the implementation of the federal laws in California. However, affected recipients and applicants of aid during January 1974 through November 1981 are entitled to retroactive relief. Persons who had actual transportation expenses greater than the allowable amounts under state regulations could claim retroactive benefits. The court also mandated that interest be paid to recipients on the retroactive grant amounts. It is assumed that the retroactive payments will be paid out entirely during 1984-85.

<u>Item</u>	<u>1984-85</u>	<u>1985-86</u>
Casemonths of retro benefits	333,396	0
Unit cost		
Grant	\$56.40	0
Admin.	9.60	

c. Wright v. Woods - Supplemental Payments (retroactive benefit period July 1976 through December 1980)

Former AFDC regulations did not permit supplementation up to the Maximum Aid Payment when income ceased or decreased. The court decided that AFDC recipients with any income other than the AFDC grant whose income was reduced or stopped at any time during July 1976 through December 1980 are entitled to retroactive payments. The court has also mandated that interest be paid to recipients on the retroactive grant amounts. It was previously assumed that retroactive grants would be paid out during 1984-85. It is now assumed that the payments will be paid during 1985-86.

<u>Item</u>	<u>1985-86</u>
Casemonths of retro benefits	239,896
Unit cost	
Grant	\$301.81
Admin.	7.69
Notification cost	\$148,000

- d. Angus v. Woods - Overpayment Recoupment (retroactive benefit period September 1977 through December 1980)

The Angus order requires the Department to issue retroactive benefits to those AFDC recipients who suffered excessive grant adjustments to recoup willfully caused overpayments. Grants received by recipients who file for retroactive relief must be recomputed to allow consideration for housing and utility costs when determining the amount of the overpayment adjustment. The court has also mandated that interest be paid to recipients on the retroactive grant amount. It was previously assumed that retroactive grants would be paid out during 1984-85. It is now assumed that the payments will be paid during 1985-86.

<u>Item</u>	<u>1985-86</u>
Casemonths of retro benefits	16,341
Unit cost	
Grant	\$73.80
Admin.	32.49

- e. Wood v. Woods - Stepparent Contribution to FBU (retroactive benefit period January 1980 through September 1981)

The Department has been ordered to retroactively issue payments to applicants and recipients who were adversely affected by the stepparent regulations resulting from Chapter 1170/79 (AB 381). These regulations regarding unconditionally available income for the support of AFDC stepchildren were determined to be inconsistent with federal law. The court has also mandated that interest be paid to recipients on the retroactive grant amount. Retroactive payments were expected to be made during 1984-85. It is now assumed that the payments will be paid during 1985-86.

<u>Item</u>	<u>1985-86</u>
Casemonths of retro benefits	98,795
Unit cost	
Grant	\$252.80
Admin.	4.80

f. North Coast Coalition v. Woods (retroactive benefit period August 1, 1976 through September 30, 1980)

This court order prohibited the Department from counting as income contributions from an unrelated adult male (UAM) to the family where the UAM has designated the contribution as meeting his share of household expenses and not available for use by the AFDC family. The Department issued amended regulations prospectively effective October 1, 1980. Affected applicants and recipients of aid during August 1, 1976 through September 30, 1980 are entitled to retroactive relief. The court has also mandated that interest be paid to recipients on the retroactive grant amounts. It was previously assumed that retroactive benefits would be paid out during 1984-85. It is now assumed that the payments will be paid out during 1985-86.

<u>Item</u>	<u>1985-86</u>
Casemonths of retro benefits	126,993
Unit cost per casemonth	
Grant	\$159.64
Admin.	4.80

g. Zapata v. Woods - Caretaker Relatives of SSI/SSP Children (prospective regulations effective January 1, 1984)

AFDC regulations affecting the ineligibility of cases where the only dependent child or children of a family otherwise eligible for AFDC receive SSI/SSP benefits have been ruled invalid. A Los Angeles Superior Court had decided our regulations were not supported by federal law and regulations. Our appeal to the United States Supreme Court was denied on October 3, 1983. The Department was required to immediately cease denying AFDC benefits pursuant to those regulations.

<u>Item</u>	<u>1984-85</u>	<u>1985-86</u>
Casemonths of new eligibles	9,276	9,276
Unit cost		
Grant	\$287.41	\$287.41
Admin.	55.52	55.52

- h. Williams v. Woods - Income Available to Minor Mothers Living With Nonneedy Parents (prospective regulations effective June 1, 1984; retroactive benefit period November 12, 1978 through May 31, 1984)

Current AFDC policy provides that when a minor mother and her child(ren) live with her nonneedy parent(s), both in-kind income for housing, utilities, food and clothing, and OASDI benefits received by the nonneedy parent on behalf of the minor mother are to be deducted as income when computing the grant. The court has ordered that in such cases the Department cannot assume that the OASDI benefits are totally available to the minor mother and her child(ren), and therefore cannot automatically be deducted as income. Retroactive benefits must be provided to affected cases back to November 12, 1978. It is assumed that retroactive benefits will be paid out during 1984-85. Prospective implementation began June 1, 1984. Because of prior-month budgeting, continuing cases were affected beginning August 1, 1984. We are assuming that prospective benefits will be paid only through November 1984 because PL 98-369 (see Item B.2) contains similar provisions that will be implemented on this date.

<u>Item</u>	<u>1984-85</u>	<u>1985-86</u>
Caseload impact (in casemonths)		
New eligibles	869	0
Retroactive grants	6,745	0
Unit Cost		
Grant		
New eligibles	\$216.34	0
Retroactive grants	183.40	0
Admin.		
Retroactive grants	\$ 4.89	0
Notification costs	145,000	0

3. Additional One-Month Reduction of State AFDC-U Eligibility (effective January 1, 1984)

Chapter 323/83 (AB 223) amended the Welfare and Institutions Code to limit those State AFDC-U families who receive 30 days of aid under the Emergency Assistance Program to two months of aid under the State-only AFDC-U Program in any 12 consecutive months. Prior State law provided for three months in any 12 consecutive months. State-U cases on aid prior to October 1, 1983 were grandfathered, i.e., this change only affects new cases on aid after September 30, 1983.

<u>Item</u>	<u>1984-85</u>	<u>1985-86</u>
Casemonths reduced	1,748	1,627
Unit cost		
Grant	\$606.98	\$607.87
Admin.	55.49	55.32

4. Social Security Number (SSN) Validation Process (effective June 1, 1984)

Periodically, Social Security account numbers of AFDC recipients are being matched against the Social Security Administration's file to determine the validity of the numbers. The first report of "discrepant" SSN's was transmitted to the counties in June 1984. Discrepant SSN may require contact of recipients by eligibility workers to correct the discrepancies. This results in additional administrative costs.

<u>Item</u>	<u>1984-85</u>	<u>1985-86</u>
Caseload impact (SSN validations)	60,350	60,350
Unit cost - Admin.	\$9.25	\$9.25

5. Federal Supplemental Compensation (FSC) (unemployment benefits effective September 12, 1982)

An additional 12 weeks of unemployment insurance benefits are being given to those individuals who have exhausted the basic 26 weeks of benefits. Funding for FSC is expected to terminate March 31, 1985. These additional benefits reduce dependency on AFDC.

<u>Item</u>	<u>1984-85</u>	<u>1985-86</u>
Caseload impact (in casemonths)		
Casemonths reduced	13,614	1,513
Grant reduced	26,965	0
Unit cost		
Grant		
Casemonth reduced	\$441.09	\$405.82
Grant reduction	261.86	0
Admin.		
Casemonth reduced	\$55.53	\$55.53

6. Alignment of AFDC and Food Stamp Program Monthly Reporting and Retrospective Budgeting Requirements (effective January 1, 1984)

With the federal mandate for monthly reporting and retrospective budgeting systems in the Food Stamp Program patterned after federal AFDC requirements, the Department undertook a comprehensive review of both programs' systems. The Department's objective was to align the programs so that they complement each other in this common area and minimize inconsistent procedures. As a result of this review, regulations were issued to modify the following general AFDC areas:

- a. Suspension instead of ineligibility when a periodic extra paycheck is received.
- b. Verification of self-employment expenses.
- c. Definition of income of a continuous nature.
- d. Retrospective budgeting after a break in aid of less than one month.
- e. Prospective budgeting the income of an individual who is added to an existing FBU.
- f. Not budgeting the income of an individual who leaves the FBU.
- g. Adequate notice when a CA-7 is submitted late.
- h. Delayed payments when a CA-7 is submitted late.

Note: Due to the Saldivar v. McMahon court order, items g. and h. above could not be implemented. The issues in Saldivar have now been resolved. Regulations implementing items g. and h. are assumed to be adopted on an emergency basis with a January 1, 1985 effective date.

7. Child Care Funding (effective October 1, 1984)

Chapter 1282/83 (AB 1162) requires that working AFDC recipients pay for child care which is currently provided at no charge through State Department of Education funds. AB 2514, which has recently been enrolled, amends the provisions of Chapter 1282/83 to allow discretion on the part of the superintendent on whether to implement the collection of child care fees. It is now our understanding that school districts will not implement this bill. We are therefore showing no cost impact in both 1984-85 and 1985-86.

8. San Diego Experimental Work Experience Project (EWEP)

Section 11311 was added to the W&IC to permit San Diego County to provide experimental work experience assignments to AFDC recipients. The purpose of the project is to determine the usefulness of this

mandatory work experience approach in achieving the eventual employment of the AFDC recipients. The project began November 1982 and operated under special federal project funding, with San Diego County being responsible for all nonfederal costs of the project through June 30, 1984. Chapter 268/84, the 1984 Budget Trailer Bill (SB 1379) extended the project through June 30, 1985 with State participation in the administrative costs.

B. New Premises

1. Federally Mandated Report on AFDC Overpayments (Form SSA 4972)
(effective 1984-85 and continuing)

On a quarterly basis, the counties are required to complete the SSA 4972 Report on AFDC Overpayments. The reporting of overpayments collectible, recouped, and outstanding is federally mandated. Counties have been incurring additional administrative costs to comply. A survey is being conducted to determine the extent of these costs.

2. PL 98-369 Budget Reconciliation Act (HR 4170) (effective October 1, 1984)

This law contains numerous provisions which will affect AFDC. We will include estimates of these provisions as information becomes available.

	<u>1984-85</u>	<u>1985-86</u>
a. Gross Income Limits		
Casemonths Added	25,917	77,536
Unit Cost per Casemonth		
Grant	\$125.40	\$125.40
Admin.	61.93	61.93
b. Earned Income Disregard		
Casemonths with grant change	43,079	77,125
Unit Cost per Casemonth		
Grant	\$39.30	\$39.30
Admin.	7.82	0
Casemonths reduced	17,459	55,109
Unit Cost		
Grant	\$125.15	\$125.15
Admin.	55.50	55.50
c. Child Support \$50 Pass-on		
Casemonths with grant increase	75,000	100,000
Unit Cost per Casemonth		
Grant	\$49.08	\$49.08

3. Chapter 569/84 (AB 1630) - Nonrecurring Special Needs (effective January 1, 1985)

AB 1630 raises the limit for nonrecurring needs allowance for AFDC recipients from \$300 to \$600 per event.

<u>Item</u>	<u>1984-85</u>	<u>1985-86</u>
Caseload impact (in casemonths)	1,032	2,065
Unit cost per casemonth	\$300	\$300

4. Saturation Work Initiative Model (SWIM) (effective 1984-85)

The objective of SWIM is to increase the level of self-sufficiency of AFDC recipients through employment, training and education services.

DSS recently received a federal grant in the amount of \$139,000 from DHHS for administration of San Diego's participation in this program. This program began October 1984 and ends September 30, 1985.

Caseload impact	None
Unit cost per casemonth	None

C. Discontinued Items from the April 13, 1984 Premises

The following items are now included in basic costs:

1. Siebert v. Woods (effective May 5, 1983) (p. 10, Item A.2.c.)
2. Reyna v. McMahon (effective October 6, 1983) (p. 18, Item B.3)
3. Chapter 1207/80 (AB 3138) - Notification of Child Support Payment (effective June 1, 1983) (p. 12, Item A.3)
4. Chapter 327/82 (SB 1326) - Elimination of State Reimbursement of County Cost of Collections (effective July 1, 1982) (p. 12, Item A.4)
5. FTB Income Tax Refund Intercept to Recover AFDC Overpayments (ongoing) (p. 13, Item A.7)
6. Social Security (OASDI) Payment Verification System (BENDEX) (effective March 1, 1983) (p. 14, Item A.9)
7. Unemployment and Disability Insurance Payment Verification System (effective April 1, 1983) (p. 14, Item A.10)
8. Tax Equity and Fiscal Responsibility Act of 1982 (PL 97-248) - AFDC Amendments (effective April 8, 1983) (p. 14, Item A.11)

AFDC FOSTER CARE PROGRAM

A. Continuing Premises

1. Farias v. Woods Settlement (effective 1984-85)

This case involves retroactive payment for federally eligible children denied aid because they lived with nonparent relatives. The Department assumes this suit will be paid during 1983-84 and 1984-85.

2. FICA for Nonprofit Group Homes (effective January 1, 1984)

Federal provisions require nonprofit group homes to begin contributing to Social Security (FICA) for their employees.

3. Foster Care Audit Recoveries (effective July 1, 1983)

Audits have been conducted beginning 1983-84. It is now assumed that the recovery of audits will occur through a roll-forward rate adjustment mechanism, i.e., costs identified during 1983-84 will normally be adjusted against 1985-86 rates.

B. New Premises

1. Rate Adjustment (effective 1984-85)

Rates have generally been held constant since 1978-79. The Budget Act of 1984 provided for a one-time permanent adjustment to the Foster Family and Group Home rate bases.

<u>Item</u>	<u>1984-85</u>	<u>1985-86</u>
Caseload impact (in casemonths)	375,161	Not Applicable
Unit cost per casemonth	\$50.94	Not Applicable

2. State/County Foster Care Sharing Ratio (effective January 1, 1986)

The Department is proposing to permanently change the foster care sharing ratio from 95/5 (which expires on January 1, 1986) to 50/50 for the nonfederal portion of AFDC-FC payments (50 federal/25 state/25 county in federally eligible cases).

C. Discontinued Items from the April 13, 1984 Premises

1. Chapter 325/82 (AB 2315) (effective July 1, 1982) (p. 20, Item A.2) - now in the basic cost.

2. Restoration of 95 percent State Share (effective January 1, 1984) (p. 20, Item A.4) - effective only for 1983-84.

CHILD SUPPORT ENFORCEMENT PROGRAM

A. Continuing Premises

1. FTB Income Tax Refund Intercept (ongoing)

The Department implemented an automated statewide income tax refund intercept system in conjunction with the Franchise Tax Board. This system to increase collections of court-ordered child support arrearages for AFDC cases will continue to be separately identified.

<u>Item</u>	<u>1984-85</u>	<u>1985-86</u>
Intercepted refunds	45,751	41,178
Average intercepted refund	\$182.40	\$185.00

2. PL 97-35 Omnibus Budget Reconciliation Act of 1981 Provisions

a. IRS Income Tax Refund Intercept (effective October 1, 1981)

The Internal Revenue Service (IRS) is required to intercept federal income tax refunds of absent parents of federally eligible AFDC children who have unpaid child support obligations. This intercept applies to AFDC court-ordered child support arrearage cases. IRS charges a fee of \$3.20 per intercept to cover its administrative cost. This cost is included under child support administrative costs.

<u>Item</u>	<u>1984-85</u>	<u>1985-86</u>
Intercepted refunds	58,326	56,622
Average intercepted refund	\$562	\$562

b. UIB Intercept (interceptions began April 1984)

PL 97-35 mandates that unemployment insurance benefits of absent parents with court-ordered payments in arrears be intercepted. State legislation (Chapter 1072/82) has been enacted to implement the federal mandate. The first UI claims intercepted were in April 1984. Twenty-five percent of the UIB amounts is being intercepted. Actual collections will be applied in 1984-85.

<u>Item</u>	<u>1984-85</u>	<u>1985-86</u>
Intercepted weekly payments	164,254	165,308
Average intercepted payment	\$28	\$28

3. Chapter 1151/83 (AB 1529) - State Child Support Incentives (effective July 1, 1984)

Beginning in 1984-85, a State bonus incentive will be paid to the counties equal to 50 percent of the increase in the State share of

child support collections from 1982-83 to 1983-84. Subsequent year-to-year increases will determine future State bonus incentives.

B. New Premises

1. PL 98-369 Budget Reconciliation Act (HR 4170) (effective October 1, 1984)

PL 98-369, addressed previously under the AFDC-FG and U New Premises, contains one Child Support Program provision. The first \$50 of child support paid (or less, if the payment is less than \$50) by the absent parent will be paid to the family and will be disregarded as income. This will result in loss of child support collections which offset AFDC grant costs. It is assumed that federal and state incentive payments would still be paid on the \$50 pass-on.

<u>Item</u>	<u>1984-85</u>	<u>1985-86</u>
Caseload impact (no. of pass-ons)	675,000	900,000
Average cost per pass-on	\$49.08	\$49.08

2. Chapter 1605/84 (AB 1527) - Agnos Child Support Act of 1984 (effective July 1, 1985)

Beginning in July 1985, courts will be required to establish minimum child support orders based on a specified formula or the AFDC Maximum Aid Payment, whichever is less. This will result in increased obligation amounts and, therefore, increased collections.

<u>Item</u>	<u>1984-85</u>	<u>1985-86</u>
Increased Court Orders	-0-	25,332
Average Increase per Order	-0-	\$289.08

C. Discontinued Items from the April 13, 1984 Premises

1. Tax Equity and Fiscal Responsibility Act of 1982 (PL 97-248) Provisions (p. 19, Item A.3) - the changes to incentive rates and administrative funding are now in basic costs.

ADOPTION ASSISTANCE PROGRAM

A. Continuing Premises

None.

B. New Premises

None.

C. Discontinued Items from the April 13, 1984 Premises

1. Chapter 977/82 (AB 2695) (effective October 1, 1982) (p. 21, Item A.1) - now in basic costs.

SSI/SSP PAYMENTS (ITEM 10.08)

A. Continuing Premises

1. Federal Fiscal Liability Settlements for Errors (effective 1984-85)

SSP payments will be reduced based upon the expected deductions resulting from federal errors revealed in the QC survey. Federal regulations have been finalized which will discontinue federal reimbursement for such errors after October 1984.

2. Lopez v. Heckler

The United States District Court of California issued a preliminary injunction against the SSA in the Lopez v. Heckler class action suit that requires Continuing Disability Reviews (CDR's) to demonstrate medical improvement for SSI/SSP disabled cases as a requirement for medical cessation. The resultant decrease in medical cessations is now included in the actual caseload data used to develop the caseload projections for 1984-85 and 1985-86.

In addition, the preliminary injunction requires SSA to reinstate and provide retroactive payments to the SSI/SSP disabled cases previously terminated without documentation of medical improvement. The United States Supreme Court has stayed the reinstatement and retroactive payments pending further consideration.

B. New Premises

1. Moratorium on Continuing Disability Reviews (effective April 13, 1984)

The Social Security Administration (SSA) moratorium on Continuing Disability Reviews (CDR's) as of April 13, 1984 will reduce to zero the number of medical cessations for SSI/SSP disabled recipients due to CDR's and result in an increase in the disabled caseload over the basic caseload trend.

At this time, it is not known when the CDR moratorium will be cancelled. However, for purposes of this estimate, we assume the moratorium will be lifted as of March 1, 1985, and medical cessations will resume at the level subsequent to Lopez v. Heckler and the October 1983 reduction in CDR's.

<u>Item</u>	<u>1984-85</u>	<u>1985-86</u>
Caseload impact (in casemonths)	20,476	26,328
Unit cost per casemonth	\$168.34	\$166.25

2. One-Third Reduction Settlement

The SSA has agreed to pay the State \$67,890 for overpayments to disabled minors and nonmedical out-of-home care recipients living in the household of another for the January-June 1974 period.

C. Discontinued Items from the April 13, 1984 Premises

1. Reduction in Continuing Disability Reviews (CDR's) (effective October 1983) (p. 22, Item A.3) - this premise is now included in basic.
2. Time-Eligible SSI/SSP Refugee Caseload (p. 22, Item A.4) - this was an informational item for the April 1984 subvention estimates.
3. SSI Outreach (PL 98-21) (p. 22, Item B.1) - this premise is now included in basic.

SPECIAL ADULT PROGRAM (ITEM 10.12)

A. Continuing Premises

None.

B. New Premises

None.

C. Discontinued Items from the April 13, 1984 Premises

1. Special Circumstances Program (effective July 1, 1984) (p. 23, Item A) - the proposal to eliminate the Special Circumstances Program was not approved by the Legislature.

REFUGEE PROGRAMS (ITEMS 10.20 and 10.24)

A. Continuing Premises

1. Refugee Quota (effective October 1, 1983)

It is assumed that the admission quotas for FFY 1985 and FFY 1986 will be 72,000 for each year. These quotas are based on the latest information from the Office of Refugee Resettlement.

B. New Premises

1. Refugee Demonstration Project (effective March 1, 1985)

Current and newly arrived AFDC refugee cases whose primary wage earner has at least 12 months of federal eligibility remaining will be transferred to the Refugee Demonstration Project. New program

regulations are being developed based on the RCA program and Title IV-A and XIX funds which would have otherwise been expended on these cases will be available to fund the demonstration project. The implementation is subject to final federal approval.

C. Discontinued Items from the April 13, 1984 Premises

1. RRP-CMA Shortfall (effective 1983-84) (p. 24, Item B.1) - applied only to 1983-84.
2. Refugee Funding Recovery (SFY 1984-85) (p. 24, Item A.2)

Additional Federal Funding has been obtained which offset the shortfall expenditures from FFY 1982. The audit report continues and is not fully resolved.

COUNTY ADMINISTRATION (ITEM 10.20)

FOOD STAMP ADMINISTRATION (ITEM 10.20.120)

A. Continuing Premises

1. Final State Regulations (final State regulations that have been issued)
 - a. Photo ID (effective November 1, 1982)

State regulations require Food Stamp recipients in designated areas to possess photo ID's as a condition of continuing eligibility. Only individuals authorized to transact ATP's will be required to have photo ID's. Los Angeles County contracted with DMV for photo ID operation in 1983-84. In 1984-85, only seven months of photo ID costs will be budgeted due to an assumed implementation of on-line issuance on February 1, 1985.

<u>Item</u>	<u>1984-85</u>	<u>1985-86</u>
Caseload impact (in casemonths)	8,800	Not Applicable
Unit cost per casemonth	\$6.00	Not Applicable

- b. Monthly Reporting/Retrospective Budgeting (formerly Retrospective Accounting/Periodic Report (RA/PR)) (effective January 1, 1984)

Provides that eligibility and/or benefits will be determined based on income from a prior period. Under these provisions, monthly reporting is required from most households. Statewide implementation began January 1, 1984. Court action in the case of Saldivar v. McMahon has necessitated the modification of certain "Notice of Action" procedures in the regulations until an acceptable revision to the MRRB regulations is developed. DSS has approved a plan, effective January 1, 1985, to convert

all counties to intake status for fair hearing to reduce the delays in Aid Paid Pending (APP) that were cited in the Saldivar decision. Additional funding for this has been included in this estimate.

<u>Item</u>	<u>1984-85</u>	<u>1985-86</u>
Caseload impact (NA casemonths)	2,136,000	2,144,000
Caseload impact (PA casemonths)	3,701,000	3,725,000
Unit cost per NA casemonth	\$4.01	\$4.02
Unit cost per PA casemonth	.99	.99

c. Fraud Disqualification and Overpayment (effective April 1, 1984)

Regulations were filed April 1, 1984 which implement the mandated provisions of the federal fraud disqualification and overpayment regulations. The regulations are expected to incur some additional administrative expenses which will in part be offset by overpayment reimbursements. The primary areas of change are to mandate allotment reduction in inadvertent household error claims where the recipient has been unresponsive.

<u>Item</u>	<u>1984-85</u>	<u>1985-86</u>
Caseload impact (in casemonths)	3,900	4,800
Unit cost per casemonth	\$221.79	\$222.92

2. Proposed State Regulations (State regulations which have been or are being drafted with anticipated implementation dates)

a. Food Stamp On-Line Issuance System (effective December 1, 1984)

A Food Stamp On-Line Issuance System (FSOLIS) is operational in two Case Data counties. The software is now available to other counties. FSOLIS will be mandated by regulation statewide except in counties where it is not cost beneficial. The system is expected to substantially reduce unauthorized issuance. The federal share of FSOLIS funding is expected to be 75 percent for developmental costs. Once FSOLIS is operational, normal sharing of funds is assumed.

<u>Item</u>	<u>1984-85</u> NA & PA	<u>1985-86</u> NA & PA
Caseload impact (in casemonths)	4,719,000	6,710,000
Unit cost per casemonth	\$.63	\$.33

b. Workfare

San Diego and Plumas Counties have established an ongoing workfare project that requires Food Stamp recipients to work part time in public agencies or private nonprofit groups as a condition for continuing eligibility. The additional administrative costs for this project have not previously been shown due

to its pilot status. These costs will be reflected in 1984-85 and 1985-86 at 50 percent federal - 50 percent county. In addition to San Diego and Plumas, three other counties (Amador, Alpine, and Riverside) have submitted plans to FNS indicating they will add Food Stamp workfare as a program activity beginning January 1, 1985.

<u>Item</u>	<u>1984-85</u>	<u>1985-86</u>
Caseload impact (in casemonths)	63,500	100,100
Unit cost per casemonth	\$18.58	\$18.91

3. Work Registration/Job Search

Certain Food Stamp recipients who are required to register to work shall be subject to job search requirements to the extent that such requirements are implemented by the Employment Development Department (EDD). The Department of Social Services has contracted with EDD to provide job search services for Food Stamp recipients registered to work in seven counties since October 1982. No federal funding was available for county reimbursement of costs incurred for job search activities at that time. Recently, the department received a federal grant award to reimburse those seven counties for costs incurred for job search activities from October 1983 through September 1984. A proposal to continue the project in FFY 1985 with a possible expansion to other large counties has been submitted to FNS. The costs are 100 percent federally funded.

<u>Item</u>	<u>1984-85</u>	<u>1985-86</u>
Caseload impact (in casemonths)	137,700	18,900
Unit cost per casemonth	\$7.98	\$18.28

B. New Premises

None.

C. Discontinued Items from the April 13, 1984 Premises

1. Mail Loss (effective January 1, 1983 and October 1, 1983) (p. 25, Item A.1.c.) - county coupon losses through mail issuance have decreased substantially since the implementation of these regulations.
2. Alternative Issuance Method (effective January 1, 1983) (p. 26, Item A.3) - counties will no longer be required to change issuance methods since mail losses have decreased.
3. Federal Audit of Ineligible Aliens (effective August 12, 1983) (p. 27, Item A.5) - only affects 1983-84.

SOCIAL SERVICES PROGRAMS (ITEM 20)

OTHER COUNTY SOCIAL SERVICES (OCSS) (ITEM 20.30)

A. Continuing Premises

1. County Match Requirement - Chapter 978/82 (SB 14)

W&IC Section 10200 specifies each county's maximum required matching funds for OCSS. Sections 10201-10202 provide that:

- a. Each county's maximum share shall be increased by the COLA percentage allowed in the Budget Act;
- b. Each county's share shall be the amount specified in Section 10200 (adjusted for COLA) or 25 percent of actual expenditures, whichever is less; and,
- c. Funds will be limited by the amount appropriated.

Based upon this, the county share for 1984-85 is assumed to be \$52,597,600. The county share for 1985-86 is currently assumed to be \$52,597,600. These county shares do not reflect reduced amounts due to the Department's 75/25 Foster Care sharing ratio proposal (see AFDC Foster Care premises, p. 18, Item B.2).

2. Notice of Actions - Chapter 323/83 (AB 223) (effective July 1983)

Chapter 323/83 specifies the detail to be included in a Notice of Action sent to an IHSS recipient. The detail includes a description of each task authorized, the hours authorized, and the changes from previous authorizations. The impact of this requirement is reflected in the 1985-86 Governor's Budget. The cost impact of this premise will be offset effective July 1, 1985 with the implementation of the IHSS Management Information System (p. 27, Item B.3.).

3. Effective Date of Initial Payment (effective March 1984)

As a result of this regulatory change in the Foster Care Program, emergency shelter payments will be provided until Foster Care payments begin. These costs are included in the 1985-86 Governor's Budget. (See p. 6, Item 8 for detail.)

B. New Premises

1. Child Welfare Services Grant (effective July 1, 1984)

This category includes Emergency Response, Family Maintenance, Family Reunification, and Permanent Placement Services. Our estimates (1984-85 and 1985-86) reflect various federal fund sources and include the necessary General Fund to fully fund projected need.

2. County Services Block Grant (effective July 1, 1984)

The service category includes IHSS Administration, Information and Referral Services, Adult Protective and Out-of-Home Care Services, Optional Services, and Staff Development.

IHSS Administrative cost estimates for 1984-85 and 1985-86 reflect full projected need based upon caseload. The other services are "Block Granted" at the 1984-85 budgeted level. The County Services Block Grant rollup reflects needed service reductions in 1984-85 only (See Item B.4. below).

3. IHSS Management Information System

A management information system will be implemented in 1985-86 with a pilot study being conducted in 1984-85. The potential impact is reflected in the 1985-86 Governor's Budget. It is assumed that statewide implementation will be effective July 1, 1985.

4. Service Reduction (1984-85 only)

Services cost for 1984-85 which exceed our 1984-85 appropriation are shown as a County Services Block Grant services reduction.

C. Discontinued Items from the April 13, 1984 Premises

1. Allocation Formula Adjustment (p. 28, Item A.4) - the Budget Act for 1983-84 provided that sufficient funds from PL 98-8 (HR 1718) would be added to any county's allocation to ensure that no county received less funding in 1983-84 than it received in 1982-83. This premise pertained to 1983-84 only.
2. Community Services v. Woods (p. 29, Item B.1) - as a result of this court decision, all housemates who provide protective supervision to the IHSS recipients are allowed to receive remuneration. This premise related to the one-time administrative cost in 1983-84 for implementing this court decision.
3. Federal Funding - Social Services Block Grant (effective October 1, 1981) (p. 28, Item A.1) - this premise was incorporated into Child Welfare Services Grant, Item B.1.
4. SB 14 (p. 28, Item A.2) - the final phase of SB 14 became effective October 1, 1983. With full implementation, SB 14 is now the ongoing Child Welfare Services Program.
5. IHSS Overpayment Regulations (p. 28, Item A.5) - due to OAL rejection of proposed regulations, an implementation date has not been determined.

IN-HOME SUPPORTIVE SERVICES (ITEM 20.35.220)

A. Continuing Premises

1. Provider Benefits - Chapter 463/78 (AB 3028) (ongoing)

There are multiple cost components contained in this premise, all provided for under provisions of Chapter 463/78:

- a. Payrolling contract: DSS has entered into a new contract with EDS-F effective November 1, 1983. A management information system will be implemented in 1985-86 with a pilot study being conducted in 1984-85.

DSS has also entered into an interagency agreement with the State Controller's Office and the State Treasurer's Office for check writing, auditing, and banking functions. Therefore this premise includes payrolling contract costs and interagency contract costs.

- b. Worker's Compensation: DSS has entered into a self-insured worker's compensation coverage contract agreement with the State Compensation Insurance Fund (SCIF) (replacing the Argonaut Contract). The Argonaut Contract contained provisions which allowed for retrospective premium billings at six, eighteen, and thirty-month intervals after the end of the policy year. The retroactive premiums extend through December 31, 1984.

- c. Employer Share of Taxes: DSS pays the employers' share of FICA, UI, FUTA taxes, and Employment Training Fund (ETF) contributions required under Chapter 1075/82 (AB 3154).

Caseload impact: None

Unit cost: This cost is estimated based upon the total individual provider wages subject to individual tax rates.

<u>Total Wages</u>	<u>Tax Rates</u>			
	<u>FICA</u>	<u>UI</u>	<u>FUTA</u>	<u>ETF</u>
1984-85: \$242,812,000	0.070 ^{1/}	0.037	0.008	0.001
1985-86: \$263,023,000	0.0705	0.037	0.008	0.001

^{1/} Will increase to 0.0705 effective January 1, 1985.

2. County Matching Fund Requirement (Chapter 69/81 - SB 633) (effective July 1, 1981)

Under provisions of SB 633, reimbursement is to be made with 100 percent funding for service expenditures up to the sum of the amounts expended by the counties and those payroll taxes paid by the State on behalf of the counties during 1980-81. Ninety (90) percent matching funds are to be provided for county expenditures plus payroll taxes in excess of the 1980-81 base up to the amount appropriated in the Budget Act.

The base year amount for county expenditures plus payroll taxes in 1980-81 has been calculated at \$255,490,103.

3. Miller v. Woods (formerly Community Services)

As a result of this decision, all housemates who provide protective supervision to the IHSS recipients are allowed to receive remuneration. The 1985-86 Governor's Budget reflects full year ongoing costs for both 1984-85 and 1985-86. Retroactive payments as a result of this suit have not been considered in the development of the 1985-86 Governor's Budget.

<u>Item</u>	<u>1984-85</u>	<u>1985-86</u>
Caseload impact (in casemonths)	21,000	23,000
Unit cost per casemonth	\$277.90	\$256.75

4. IHSS Program Reduction

The 1985-86 Governor's Budget does not assume any program reduction in 1984-85 or 1985-86.

B. New Premises

1. Demonstration Project

The Budget Act of 1984 has authorized a pilot program to be conducted in Santa Cruz County in 1984-85 to assess the comparative cost effectiveness and quality of both contract and individual provider modes of service delivery. The costs of this pilot program is assumed for 1984-85 and continued through 1985-86.

2. Time Per Task Standards

Time per task standards are expected to be fully implemented in 1985-86 for the following services: laundry, food shopping, and other shopping and errands. Pilot studies on these standards will be conducted during 1984-85 in the following three counties: Los Angeles, San Luis Obispo, and Butte.

Any potential impact for 1984-85 and 1985-86 will not be included until the Administration reviews the results of the pilot studies in the above three counties.

3. Gatekeeper Impact

In order to prevent unnecessary, costly institutionalization of persons who could benefit from health and social services in their own home, the Department of Health Services has implemented a pre-admission screening program effective July 1, 1984 for those Medi-Cal beneficiaries who apply for admission to nursing homes. This program is being conducted through five Medi-Cal field offices covering 13 counties.

C. Discontinued Items from the April 13, 1984 Premises

1. Payments to Spouse Providers - Chapter 323/83 (AB 223) (effective July 1983) (p. 31, Item A.4)

Under the provisions of Chapter 323/83, spouse providers are eligible for remuneration for providing protective supervision and medical transportation under specific circumstances. This is now reflected in basic costs (medical transportation) and Miller v. Woods premise (protective supervision).

2. Additional Eligible Services for Determining Severely Impaired Status - Chapter 323/83 (AB 223) (effective July 1983) (p. 31, Item A.5)

Chapter 323/83 expanded the listing of supportive services which qualify recipients as severely impaired. These costs are included in basic costs.

MATERNITY CARE (ITEM 20.35.240)

A. Continuing Premises

None

B. New Premises

None.

C. Discontinued Items from the April 13, 1984 Premises

None.

ACCESS ASSISTANCE FOR THE DEAF (ITEM 20.35.250)

A. Continuing Premises

1. Office of Deaf Access

As provided in the Budget Act of 1983, the Deaf Access Program has been expanded to include the Riverside, Kings, San Bernardino and Tulare regions.

2. FICA for Nonprofit Contractors (effective January 1, 1984)

Federal provision requires nonprofit contractors to begin contributing to FICA for their employees (employers' share). The new contract amounts reflect this cost increase.

B. New Premises

None.

C. Discontinued Items from the April 13, 1984 Premises

None.

SPECIALIZED FAMILY AND CHILDREN'S SERVICES (ITEM 20.40)

WORK INCENTIVE PROGRAM (WIN) (ITEM 20.40.260)

A. Continuing Premises

None.

B. New Premises

None.

C. Discontinued Items from the April 13, 1984 Premises

1. WIN Funding (p. 34, Item A.1) - this premise was informational only.

JOB PARTNERSHIP TRAINING ACT (ITEM 20.40.267)

A. Continuing Premises

1. Job Training Partnership Act - Related Child Care Costs

Budget Act for 1984-85 appropriated \$4,500,000 for child care services. The 1985-86 Governor's Budget reflects an additional \$1,500,000 of unspent funds from 1983-84 to be available. The total funding available (\$6,000,000) will be expended in 1984-85 and 1985-86.

B. New Premises

None.

C. Discontinued Items from the April 13, 1984 Premises

None.

ADOPTIONS (ITEM 20.42)

A. Continuing Premises

1. Private Agency Reimbursement (ongoing)

The W&IC Sections 16155 and 16122 provide for reimbursements to be made to private adoption agencies for hard-to-place children.

<u>Item</u>	<u>1984-85</u>	<u>1985-86</u>
Caseload impact		
W&IC 16122.1 cases	77	77
W&IC 16155 cases	19	19
Unit cost per case		
W&IC 16122.1 cases	\$1,700	\$1,700
W&IC 16155 cases	1,126	1,126

2. Minority Home Recruitment (ongoing)

The primary limitation in placing minority children is the availability of adoptive homes of similar cultural and racial background. A statewide recruiting effort focusing on Hispanic, Black and American Indian families and utilizing the services of local community organizations is under way to increase the pool of minority adoptive families sufficiently to enable adoption agencies to place more minority children. Minority home recruitment is an ongoing effort.

3. Chapter 1162/83 (AB 2096) (effective January 1, 1984)

This bill, the Adoption Information Act, requires county staff to collect and maintain certain data on birth parents in order to allow for future contact between the birth parent(s) and adoptee who has reached the age of 21.

<u>Item</u>	<u>1984-85</u>	<u>1985-86</u>
Caseload impact	4,275	4,326
Unit cost per case	\$7.12	\$7.14

4. SB 14 (effective 1984-85)

The requirements of SB 14 result in additional adoption worker time needed to (1) assess adoptability and (2) evaluate an increased number of referrals for study of children receiving AFDC-FC. Because of delays in implementation, it is anticipated that processing will continue into 1985-86. An estimate will be delayed until the April 1985 subvention is prepared, at which time the extent of the carry-over will be known. No additional funding in total is expected.

B. New Premises

1. Joint Assessment Facilitation (effective October 1984)

The Federal Government is making funding available for three pilot project counties to test the use of a "facilitator" in conducting joint assessments of adoptability.

2. Chapter 1116/84 (AB 2832)

This legislation prohibits county adoption agencies and state district offices from providing intercountry adoption services and prohibits payment of AAP benefits in intercountry adoption cases. At the county level, Ventura is the only county that has dealt with intercountry adoptions. This law became effective immediately (9/15/84) and carries a provision that allows the county to continue to process those cases which were active on the effective date of the legislation.

3. Transfer of State Adoption Operations to County Welfare Departments (effective July 1, 1985)

The 1985-86 Governor's Budget assumes that the state statutory service delivery responsibility in relinquishment and independent adoption cases is being transferred to the counties effective July 1, 1985.

4. Prior Year COLA (effective July 1, 1985)

Based upon Budget Act constraints, budget increases as a result of county granted cost-of-living for county staff have been limited since 1981-82. The Governor's Budget for 1985-86 includes increased funding to fully fund COLA increases provided by counties for the period 1981-82 through 1984-85.

C. Discontinued Items from the April 13, 1984 Premises

1. Chapter 77/82 (AB 2695) (effective October 1, 1982) (p. 35, Item A.3) - Adoption Assistance Program (AAP) now in basic cost.

DEMONSTRATION PROGRAMS (ITEM 20.44)

A. Continuing Premises

1. Office of Child Abuse Prevention (OCAP) (Federal Projects)

The OCAP estimates include projects funded through the federal Child Abuse and Neglect Prevention Program. It is assumed that federal funding for the Child Abuse and Neglect Prevention Program will continue in 1984-85 and 1985-86.

2. Child Abuse/Respite Care (effective July 1, 1981)

Appropriation was made for 1984-85 in the amount of \$610,000 for the purpose of funding six child abuse and neglect prevention programs throughout the state. It is assumed these projects will end June 30, 1985.

3. AB 1733 Demonstration Program

With enactment of the Budget Act of 1984, AB 1733 Demonstration projects, including Innovatives, became an ongoing program providing child abuse prevention services. The 1985-86 Governor's Budget assumes continued funding in 1985-86.

B. New Premises

1. State Children's Trust Fund - Chapter 1399/82 (AB 2994) (effective July 1, 1984)

Funds to the State Children's Trust Fund are generated by a surcharge on birth certificate fees and by state income tax refund designation. These funds are to be expended for innovative child abuse and neglect prevention and intervention programs, evaluation research, and dissemination of information regarding existing program models. These funds will be awarded through evaluation of program proposals submitted to this Department. Included in this item is funding and programs authorized by Chapter 1618/84 (AB 1562).

2. Maxine Waters Child Abuse Prevention Training Act of 1984 - Chapter 1638/84 (AB 2443) (effective July 1, 1985)

This legislation provided funding and requires the establishment of prevention centers and primary child abuse prevention programs. The 1985-86 Governor's Budget reflects the implementation of these programs.

C. Discontinued Items from the April 13, 1984 Premises

1. Family Protection Act - Chapter 104/81 (AB 35) (p. 36, Item A.3) - pursuant to Chapter 104/81, project funding ended June 30, 1984.

REFUGEE SERVICES (ITEM 20.45)

A. Continuing Premises

1. Refugee Social Services (ongoing)

It is assumed the available social services funds for FFY 1985 and FFY 1986 will be \$16.5 million per year. Included in each year's amount is \$3.5 million for the refugee demonstration project and \$1.0 million of Mutual Assistance Agency incentive funds.

2. Targeted Assistance (effective September 30, 1983)

As part of the FFY 1983 budget, the Federal Government made available \$22.4 million in Targeted Assistance (TA) funds. Of that amount, \$6.9 million was expended in 1983-84 and \$15.5 million will be expended in 1984-85.

The Office of Refugee Resettlement has proposed a second TA award of \$16.2 million for California in FFY 1984. This proposal is being appealed on the basis that it is not in accord with the continuing resolution for the Refugee Resettlement Program which states in part that funding shall be "at last year's level." It is assumed that the appeal will be successful and California will receive a second TA award of \$22.4 million.

Because the House Appropriation Committee has recommended a third TA award in FFY 1985, it is assumed that California will receive a third award of \$5.7 million.

No assumption has been made for a fourth TA award in FFY 1986.

B. New Premises

1. Refugee Social Services Federal Funding Shortfall (effective FFY 1985)

The Federal Office of Refugee Resettlement has notified DSS that 85 percent of federal refugee services funds must be used to provide employment related services, leaving 15 percent for other services such as Other County Social Services (OCSS) and In-Home Supportive Services (IHSS). It is assumed in the 1985-86 Governor's Budget that this will result in a refugee Federal funding shortfall of \$4.5 million in IHSS in 1985-86 which has been covered by General Fund.

C. Discontinued Items from the April 13, 1984 Premises

1. No Separate Cuban/Haitian Entrant Allocation (p. 33, Item A.1) - this item was included for informational purposes only.

COMMUNITY CARE LICENSING (ITEM 30)

A. Continuing Premises

None.

B. New Premises

The Governor's Budget for 1985-86 assumes continued funding in 1985-86 at the 1984-85 levels.

C. Discontinued Items from the April 13, 1984 Premises

1. Family Day care Licensing - Chapter 323/83 (AB 223) (effective July 1983) (p. 37, Item A.1) - included in basic.

LOCAL MANDATES/LEGISLATIVE MANDATES

A. Continuing Premises

1. Chapter 102/81 (AB 251) - Medi-Cal Provisions

Among the various provisions of this bill, there is a requirement that for Medi-Cal recipients, counties must inquire about potential alternate medical insurance coverages. For AFDC recipients receiving Medi-Cal, this requirement results in an increase in AFDC administrative costs. Because this is a legislative mandate, the state must pay for the county cost of this activity.

B. New Premises

None.

C. Discontinued Items from the April 13, 1984 Premises

None.

EXECUTIVE MANDATES

A. Continuing Premises

1. AFDC employment-related equipment.
2. AFDC treatment of loans.
3. AFDC EDD-ES registration.
4. AFDC Social Security Number (SSN) validation process.
5. Food Stamp Verification: Shelter.
6. Food Stamp Verification: MR/RB dependent care.

B. New Premises

None.

C. Discontinued Items from the April 13, 1984 Premises

None.